

## Message Text

UNCLASSIFIED

PAGE 01 BONN 12256 01 OF 02 210957Z

11  
ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 /102 W  
----- 086631

R 210945Z JUL 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0556  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 02 BONN 12256

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A  
TAGS: EFIN, GW  
SUBJECT: FINANCIAL DEVELOPMENTS (WEEK ENDING JULY 19)

REF.: BONN 11824 AND BONN 10129

1. THE DOLLAR/DEUTSCHEMARK EXCHANGE RATE FLUCTUATED  
WITHIN NARROW MARGINS IN A RELATIVELY CALM WEEK OF  
TRADING ON GERMAN EXCHANGE MARKETS. DURING THE PAST  
WEEK FRANKFURT SPOT AND FORWARD DOLLAR RATES DEVELOPED  
AS FOLLOWS:

FORWARD DOLLARS

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 12256 01 OF 02 210957Z

SPOT DOLLARS (IN PCT. PER ANNUM)

FIXING OPENING CLOSING ONE-MONTH THREE-MO.

	JULY 12	2.5782	2.5780	2.5800	-1.7	-1.6
13	2.5797	2.5810	2.5785	-1.6	-1.7	
14	2.5750	2.5755	2.5745	-0.9	-1.4	
15	2.5767	2.5750	2.5770	-1.3	-1.5	
16	2.5778	2.5780	2.5765	-1.6	-1.4	
19	2.5748	2.5750	2.5760	-1.3	-1.4	

WITHIN THE JOINT FLOAT THE DEUTSCHEMARK STRENGTHENED AGAINST ALL OTHER FLOAT CURRENCIES.

2. MONEY MARKET: GERMAN MONEY MARKETS REMAIN TIGHT. CALL MONEY RATES ARE AT 4 1/2 PERCENT, EQUALLING THE LOMBARD RATE AND THUS EXCEEDING THE REDISCOUNT RATE BY 1 PERCENT. THE JULY TAX DATE, AND A SEASONALLY HIGH VOLUME OF CURRENCY IN CIRCULATION HAVE BEEN THE MAJOR FACTORS CONTRIBUTING TO THIS TIGHT MONEY CONDITION. DURING THE REPORTING WEEK FRANKFURT INTER-BANK MONEY RATES DEVELOPED AS FOLLOWS:

CALL MONEY ONE-MONTH THREE-MONTH

JULY 12	4.3-4.5	4.30	4.40
13	4.4-4.6	4.30	4.40
14	4.5-4.6	4.30	4.40
15	4.5-4.6	4.30	4.40
16	4.5-4.6	4.30	4.40
19	4.4-4.6	4.30	4.40

3. BUNDESBANK FOREIGN POSITION: IN THE PERIOD JULY 1-7 THE BUNDESBANK'S NET FOREIGN POSITION DECLINED BY DM 0.3 BILLION TO DM 90.4 BILLION. SIGNIFICANT CHANGES WERE A DECLINE OF DM 403 MILLION IN HOLDINGS OF LIQUID FOREIGN EXCHANGE AND A DECLINE IN FOREIGN LIABILITIES OF ABOUT DM 100 MILLION.

4. BANK LIQUIDITY: BANK LIQUIDITY ALSO DECLINED DURING THIS PERIOD BY DM 0.6 BILLION. LIQUIDITY WAS REDUCED BY: A DM 1.0 BILLION INCREASE IN THE BANKS' HODLINGS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 12256 01 OF 02 210957Z

OF RESERVES AT THE BUNDESBANK, THE DECLINE IN BUNDESBANK MONETARY RESERVES AND DM 3.0 BILLION DECLINE IN OTHER ASSETS WHICH IN THIS CASE ARE TRANSACTIONS WHICH ARE IN THE PROCESS OF SETTLEMENT. THE ONLY MAJOR ITEM INCREASING LIQUIDITY WAS A DM 3.7 BILLION DECLINE IN OFFICIAL NET ASSETS HELD AT THE BUNDESBANK. BANKS FINANCED THE LIQUIDITY LOSS BY INCREASING REDISCOUNT BORROWINGS BY DM 0.8 BILLION. AT THE SAME TIME LOMBARD BORROWINGS

WERE REDUCED BY DM 0.2 BILLION.

5. BOND MARKET: ON THE MARKET FOR DOMESTIC BONDS, PRICE DECLINES CAME TO A HALT. INCREASING THE COUPON RATE FROM 7 1/2 TO 8 PERCENT ON THE MOST RECENT FEDERAL LOAN (SEE BONN 11824) APPEARS TO HAVE SPARKED SOME INVESTORS' INTEREST FOR PURCHASING DOMESTIC BONDS. IN OTHER ISSUES, ON JUNE 19 THE STATE GOVERNMENT OF NORTH-RHINE WESTFALIA OFFERED A DM 400 MILLION IN

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 12256 02 OF 02 210957Z

11  
ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 /102 W  
----- 086630

R 210945Z JUL 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0557  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
AMCONSUL FRANKFURT

UNCLAS SECTION 02 OF 02 BONN 12256

BONDS ON THE SAME TERMS AS THE FEDERAL LOAN. CONCERN-  
ING THE MARKET FOR FOREIGN DEUTSCHEMARK BONDS, THE

IBRD IS CURRENTLY OFFERING BONDS IN THE AMOUNT OF DM 150 MILLION FOR PRIVATE PLACEMENT (COUPON RATE NOT AVAILABLE, ISSUE PRICE 100, MATURITY 6 YEARS).

6. BUNDESRAT CONFIRMS MRS. DINGWORT-NUSSECK AS LANDESZENTRALBANK-PRAESIDENT: THE BUNDESRAT HAS APPROVED THE NOMINATION OF MRS. DINGWORT-NUSSECK FOR THE POST OF PRESIDENT OF THE LANDESZENTRALBANK OF LOWER SAXONY (SEE BONN 11824). IN A RELATED MATTER, AT THE CONCLUSION OF THE CENTRAL BANK COUNCIL MEETING OF JULY 15, ECONOMICS MINISTER FRIDERICH WAS QUOTED AS SAYING THAT THERE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 12256 02 OF 02 210957Z

SHOULD BE DISCUSSIONS FOLLOWING THE FEDERAL ELECTIONS CONCERNING THE STATE GOVERNMENTS' SELECTION PROCESS FOR REPLACING LANDESZENTRALBANK PRESIDENTS.

7. ECONOMIC INDICATORS PUBLISHED THIS WEEK: ACCORDING TO PRELIMINARY DATA, THE COST-OF-LIVING INCREASED IN JUNE OVER COMPARABLE 1975 LEVELS BY 4.5 PERCENT; IN MAY IT WAS 5.0 PERCENT, AND IN APRIL 5.2 PERCENT. FOR APRIL REVISED RETAIL SALES STATISTICS (NOT ADJUSTED FOR WORKING DAYS - FOR PRELIMINARY DATA SEE BONN 10129) SHOW GAINS OVER APRIL 1975 OF 7.9 PERCENT IN CURRENT PRICES AND 3.4 PERCENT IN CONSTANT PRICES. DURING THE PERIOD JANUARY-APRIL 1976 RETAIL SALES EXCEEDED COMPARABLE 1975 LEVELS BY 9.1 PERCENT NOMINALLY AND BY 4.6 PERCENT REAL. ACCORDING TO DATA JUST PUBLISHED BY THE ASSOCIATION OF GERMAN IRON AND STEEL INDUSTRIES ORDERS FOR ROLLING MILL STEEL FINISHED PRODUCTS INCREASED IN JUNE BY 180,000 TONS TO 2.033 MILLION TONS. THUS, FOLLOWING THE WEAK MONTHS OF APRIL AND MAY THE INFLOW OF ORDERS RETURNED TO A LEVEL PREVAILING IN THE FIRST QUARTER OF 1976. HOWEVER, AS THE ASSOCIATION POINTS OUT, THE JUNE INCREASE WAS ATTRIBUTABLE TO HIGHER ORDERS RECEIVED FROM ABROAD. OTHER INDICATORS CONTAINED IN BONN 11443.  
CASH

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCE, ECONOMIC REPORTS, FOREIGN EXCHANGE RATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BONN12256  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760280-0484  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760738/aaaabhcv.tel  
**Line Count:** 210  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2004 by ThomasVJ>; APPROVED <27 DEC 2004 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINANCIAL DEVELOPMENTS (WEEK ENDING JULY 19)  
**TAGS:** EFIN, GE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006